MR. SPEAKER: Next chance is yours, Shri Dev.

Profit of Public Sector Units

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*482. SHRI SONTOSH MOHAN DEV:
DR. T. SUBBARAMI REDDY:

Will the Minister of INDUSTRY be pleased to state:

(a) whether many Public Sector units face a slide in their profit during the current financial year;

(b) if so, the details of such Public Sector units;

(c) the reasons for the lower profits in these units; and

(d) the steps being taken to remedy the situation?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN): (a) and (b). Flash reports indicate that for the period April to July, 1996, out of the 49 public enterprises under the Department of Heavy Industry, the profitability position of 21 companies has improved while that of 28 companies has declined as compared to the corresponding period in the previous year.

(c) The reasons for lower profits in certain units include constraints like shortage of power, decline in demand, increased competition from imports and higher interest burden etc.

(d) Remedial steps being taken, inter-alia, include increase in marketing efforts, steps to improve order book position, restructuring and better financial management etc.

SHRI SONTOSH MOHAN DEV: Sir, the main reason why some public sector, units are doing well, some are not doing well, some are going downwards, the hon. Minister has himself admitted the reasons like shortage of power, decline in demand, increased competition from imports the culprit is sitting on the left side—and the higher interest burden. Now you are gradually, as a matter of policy this was also our policy—reducing the customs duty. But to reduce the customs duty, the Government should have something in mind, internal industries or the domestic industries must be in a position to have a healthy competition. In certain sectors, customs is are slashed in a manner that it has become impossible for the industry to survive—as you rightly said domestically, power tariff and the rate of interest is also going up. I do not know wherefrom you got the data. I have got the data with me. Now, if you go through the 19th table showing decrease in profit, met losses by more than Rs. 20 crore in 1994-95, national fertilisers has been carrying Rs. 20 crore. Figures are there. The losses are gradually increasing.

You see, there are about ten top public sector undertakings. One of them is SAIL. There was an efficient Minister ... *(Interruptions)* and the profit has gone by Rs. 15 crore and odd. I am asking you in view of the fact that public sector undertakings are suffering from the resource crunch. Will the hon. Finance Minister and the hon. Industry Minister—in the Common Minimum Programme which they have given and we have supported it, it is promised that a portion of the disinvestment money will be ploughed back into those public sector undertakings which need money for rehabilitation, upgradation and modernisation. We have put them in your Common Minimum Programme. On that basis, we have supported you. You are not doing anything.

Take the example of IISCO. It is sick. I tried many times to get finance for it. Shri Chidambaram himself was a Member of the Committee of Group of Ministers. In that, it was said that in the Eighth Five-Year Plan, a provision would be made for IISCO. Of course, at that time, Shri Chidambaram used to say that the Government is not a nursing home. That was his concern about the public sector. Now, you have got a better chance to do something through your Common Minimum Programme.

So, I would like to know from the hon. Minister, as per CMP, whether he will consider giving financial help to those industries which can be converted into healthy ones.

Today's newspapers have also mentioned that you are going to have a fresh policy regarding Golden Handshake. I have read it in today's *Hindustan Times*. So, kindly apprise us on both these points.

SHRI MURASOLI MARAN: Sir, hon. senior Member has stated that indigenous industries should be protected. I agree with him. It is because protection is given even in the United States of America. Naturally, when our indigenous industries suffer or if they could not exist because of competition from outside, it has to be considered. There is no doubt about it. Protection has to be given for infant Indian industries.

Secondly, he said that finance should be allotted from the Disinvestment Fund for helping the sick and potentially sick industries. It has also been stated in our Common Minimum Programme that there will be a Disinvestment Commission. Disinvestment will be made through that Commission and the money recovered from that disinvestment will be used. I will read a portion from our Common Minimum Programme. It says:

> "Any decision to disinvest will be taken and implemented in a transparent manner. Revenues generated from such disinvestments will be utilised in two vital areas, health and education, particularly in poorer and backward districts of the country. A part of such revenues will be earmarked to create an Investment Fund which will be used to strengthen other public sector enterprises."

He asked where the money was? This Disinvestment Commission has been set up only recently. They have not started the process. I hope definitely, the hon. Finance Minister will take note of this and will create an investment Fund which will be used for improving the operational efficiency of the public sector undertakings.

SHRI SONTOSH MOHAN DEV: Sir, our Government's perspective was to give more money to the rural sector. We took a decision that in industries where the private investment will come, we shall not ask the Central Government to spend money. It was a decision not to discourage industries but to involve private sector investment at the same time to save money for more investment in rural development and so on. When we came, it was Rs. 7,000. We increased it to Rs. 30,000. Then we wanted to increase it to Rs. 60,000. This year, when the Budget was presented by Shri Chidambaram, he made a jugglery. Actually the increase was 13.76 per cent. I have submitted the Report from my previous Department. I appreciate his difficulties. It may not be possible for him to give it in the very first year. If you go through it, there are ten top loss-making enterprises. To name a few, they are (1) Hindustan Fertilizers Limited, (2) Fertilizer Corporation of India, (3) Rashtriya Ispat Nigam, (4) Delhi Transport Corporation, (5) Heavy Engineering Limited, (6) Indian Airlines, (7) Bharat Coking Coal Limited, and (8) Cement Corporation of India Limited. During our regime, a Group of Ministers had given a recommendation that those industries which can be made viable should be made viable. We also provided for some Renewal Fund for those who want to go in for Voluntary Retirement.

In view of this, may I know whether the hon. Minister is aware of those ten industries which are not only making heavy losses but can be revived as a public sector? It is very much on the top of the agenda of the partners of the Government, like CPM and CPI.

We do not make too much of shouting on that, but our policy was to rehabilitate them. So, will the hon. Minister give priority to these top ten industries and also to those 21 industries which I have mentioned which are earning profits but are coming under this category? These are the industries which have to be given priority. What is the perception of the Government and what does the common Minimum Programme say about this? Kindly enlighten us.

SHRI MURASOLI MARAN: Sir, I agree with the hon. Member that the reform of public sector undertakings has not moved for enough and fast enough.

According to the Common Minimum Programme, we are categorising all public sector units into four catagories. First comes those companies which are having comparative advantages. For that, those industries will support them to become global giants. Secondly, there are profit making and efficient public sector companies which have to be strengthened and we should see that they should not go red and that their management should be professionalised and participation of workers in the management of these companies will be encouraged. Thirdly comes the sick and potentially viable public sector companies which have to be rehabilitated through a menu of options. I read it from the Common Minimum Programme:

> "That may include handing over the management to professional groups or workers' cooperatives."

The ten loss making enterprises come under this category.

Finally we have got the last category, that is, those companies that are chronically sick and cannot be revived. We cannot be putting money in a bottomless pit. So those industries should be considered and Government should withdraw if it is a non-core and non-strategic area. It should be carefully examined by assuring the workers and employees job security or in the alternative opportunities, retaining or redeployment. This is our policy.

What our Ministry is doing is that we are creating some kind of a master plan for the units uder the Ministry of Industry so that, just as charity begins at home, the reforms process should also begin from our Ministry. That is our aim. So we are evolving the concept for reviving the sick units.

Now the question is: How many sick units can we revive and what is the amount required for that? We have to create a revolving fund for reviving those industries. This programme is on and we are at it.

DR. T. SUBBARAMI REDDY: Sir, there are 240 public sector undertakings. Out of that 109 companies are incurring losses. They have incurred a loss of about Rs. 4906 crore. As Shri Sontosh Mohan Dev has said, out of these companies, ten top loss making companies, like HFL, etc. have incurred a loss of about Rs. 2449 crore and in the Indian Airlines has incurred a loss of about Rs. 188 crore. What I mean to say is that out of 109 companies, the share of ten top companies is about 49 per cent.

I would like to know from the hon. Minister, if the Government planning some concrete measures to curb these losses, particularly in the Indian Airlines when private airlines are making profits. Now we have planned privatisation, putting them in BIFR, disinvestment and planning under three or four schemes, etc. may I know from the hon. Minister how he is going to curb these losses in regard to at least these ten loss making companies?

SHRI MURASOLI MARAN: Sir, I have generally stated to the previous question that we are evolving a kind of a Master Plan to revive these sick industries. But regarding the Indian Airlines, I cannot be assuring the hon. Member because it belongs to a different administrative Ministry.

While evolving a Master Plan for the revival of sick industries, we are considering various options to make some strategic alliances such as joint ventures, financial restructuring and synergy through holding companies, strengthening of management and a Special Revolving Fund for speedy implementation of the BIFR approved schemes. We are at it.

SHRI P.R. DASMUNSI: Sir, the hon. Minister has just stated that he is considering for a comprehensive proposal and a Master Plan to revive these sick units. Is the Minister aware of the fact that several sick public sector undertaking units and public sector undertaking units which had gone to the BIFR are facing a number of sitting days in and out for an uncertain period? The BIFR itself is creating an uncertainty among the workers and the management. What will be the ray of hope of these workers and the management? Will the hon. Minister, while considering the entire package, also consider an alternative speedy disposal method? Sir, an alternative to the BIFR can be thought of to bring everything into a package instead of keeping that kind of a quasi-judicial body which is sitting over this for years together and not disposing any matter in a concrete term.

SHRI MURASOLI MARAN: Sir, I entirely agree with the hon. Member's views. We have to restructure the BIFR as a fast track facilitator and a quick arbitrator. That has been the policy of this Government. That has been exclusively stated in the Common Minimum Programme, Recently, the hon. Finance Minister, in his Budget speech, has announced that the BIFR would be revamped and the Sick Industries Unit Act would also be amended so that a quick disposal can be got for the sick units.

[Translation]

SHRI NAWAL KISHORE RAI: A National Renewal Fund has been created for reviving the sick units and is regulated through the BIFR. Just now, Shri Dasmunsi has rightly pointed out that a state of uncertainty continues. Is the Government thinking of formulating any plan for reviving these sick units within a time-frame? If we analyse the working of the National Renewal Fund during the last three years, it is revealed that inspite of the monetary provisions being made in every annual budget, the Fund is not able to utilise the entire amount. This is an anomalous position because, while on the one hand 109 units have become sick, on the other, the National Renewal Fund does not spend the full amount for which provision has been made. Will the Government, therefore, ensure that the entire amount, which itself is in fact insufficient, is utilised and is properly spent? I would also like to ask another question. The Central Government has received various proposals from different State Governments. For instance, Bihar has stated that the State Government industrial units are also sick. Do the Government propose to revive these industrial units also through this Fund even though they belong to a State? Can money be given from NRF for this purpose?

[English]

SHRI MURASOLI MARAN: Sir, I will take up the last question first. So far, there is no proposal to include sick industries of the State Governments. That is a big problem. We have to consider that aspect also.

Sir, as I have put it already, we are evolving a Master Plan which should see that sick industries are revived. But, Sir, what we are doing now is that we are waiting until an industry becomes chronically sick. We do not have an early warning system. We do not have an early stage of intervention and restructuring. With these aspects, the BIFR Act should be revamped.

Sir, the National Renewal Fund is not adequate to take care of those who have been removed from the service or who have been given the golden handshake.

That Fund, in our view, has to be revamped also. The Fund has to be increased and for that a revolving Fund should be created. That is our aim. We are creating a Plan.

Assistance for Handicrafts

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*483. DR. ARUN KUMAR SARMA:
DR. PRABIN CHANDRA SARMA:

Will the Minister of TEXTILES be pleased to state:

(a) whether the North Eastern Handicraft Development Corporation has submitted any proposal for financial assistance for works like cane, bamboo and woodcrafts;

(b) if so, the details thereof; and

(c) the action taken by the Union Government thereon?

THE MINISTER OF TEXTILES (SHRI R.L. JALAPPA): (a) to (c). A statement is laid on the Table of the House.

STATEMENT

(a) to (c). Two proposals amounting to Rs. 2.12 lakhs were received during the year 1995-96 from North Eastern Handicrafts and Handlooms Development Corporation (NEHHOC), Shillong for training in Cane & Bamboo Crafts under training scheme of the Government. However the said proposals could not be considered by the Government as the Corporation had not submitted the audited accounts for the funds released to them during 1990-91 and 1991-92 under the same scheme. Timely submission of audited accounts by an organisation receiving grants is imperative as per the Government of India financial rules. No proposal has been received as far as Wood Craft is concerned.